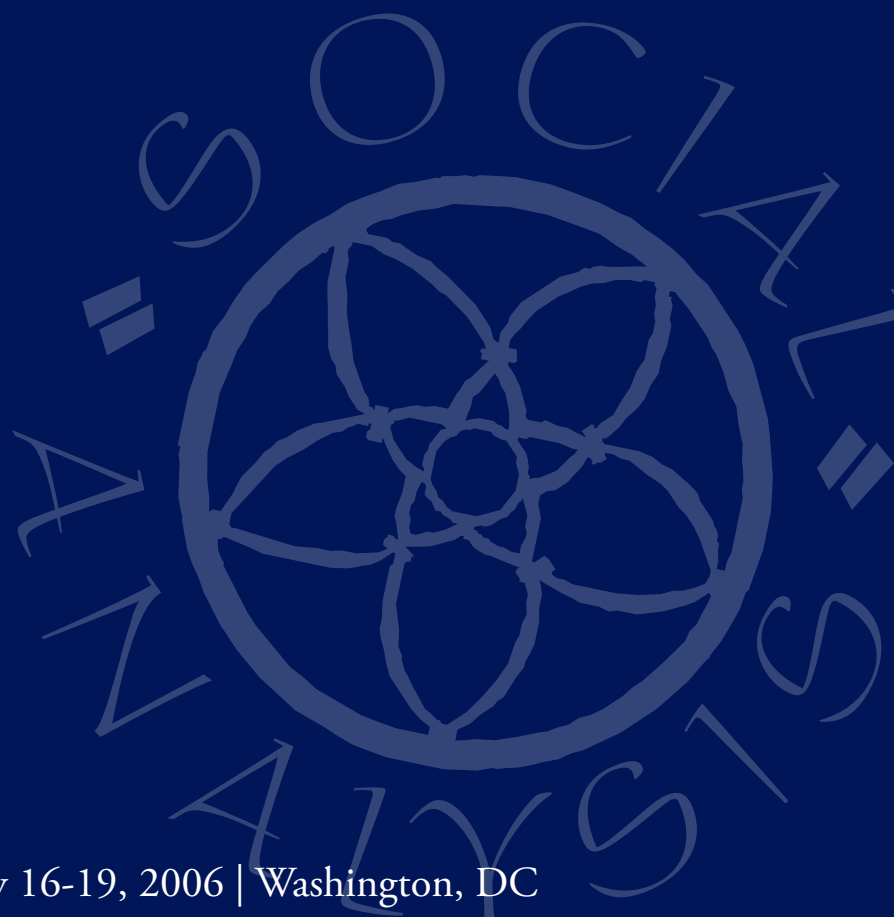


Making  
*Macro Social Analysis*  
Work for  
Policy Dialogue

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CONFERENCE PROCEEDINGS



Social Development Department | May 16-19, 2006 | Washington, DC

# **Making Macro Social Analysis Work for Policy Dialogue**

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## ***Conference Proceedings***

Washington DC, May 16–19, 2006



**Trust Fund for Environmentally and Socially Sustainable Development  
Social Development Department  
The World Bank  
1818 H Street, NW  
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## TABLE OF CONTENTS

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<b>I.</b>	<b>INTRODUCTION</b>	<b>1</b>
	Objectives	1
	Background	1
	Participants	2
	Structure	2
<b>II.</b>	<b>PERSPECTIVES ON MACRO SOCIAL ANALYSIS</b>	<b>3</b>
	1. Overview of Key Socio-economic and Political Issues in Development Assistance	3
	2. Donor Approaches to Social and Institutional Analysis	5
	3. The World Bank Experience with Macro Social Analysis	8
	4. Group Discussion: Analytical Scope and Process of Macro Social Analysis: Opportunities for and Challenges to Donor Harmonization	12
	5. Summary: Key Messages of the Day	14
<b>III.</b>	<b>INFLUENCING POLICY DIALOGUE: COUNTRY EXPERIENCES</b>	<b>15</b>
	1. Influencing Policy Dialogue: Policy Makers and Development	15
	2. Country Social Analysis: Lessons and Challenges	15
	3. From Understanding to Influencing: Country Cases of Social Analysis	19
	A. Inequality Traps, Social Mobility and Institutional Constraints	19
	▪ <i>Nepal</i>	19
	▪ <i>Yemen</i>	20
	▪ <i>Zambia</i>	21
	B. Conflict and Politics in Fragile States	22
	▪ <i>Haiti</i>	22
	▪ <i>Somalia</i>	23
	4. Group Discussion: Drawing Policy Recommendations	25
	5. Summary: Key Messages of the Day	26
<b>IV.</b>	<b>IMPLICATIONS FOR FUTURE WORK</b>	<b>27</b>
	1. Refining Policy Recommendations: Views from Management	27
	2. Group Work: Moving Ahead. From Analysis to Policy Dialogue	29
	3. Wrap Up: Key Messages	30

# I. Introduction

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## 1. Objectives

The objective of the “Making Macro Social Analysis Work for Policy Dialogue” conference was to contribute to the coordination of different macro-level social analysis approaches and to identify entry points for future collaboration on the mainstreaming of macro social and political analysis within the donor community. The conference brought together donor agencies, development practitioners, government representatives, and scholars to discuss the scope of donor experiences with macro social and political analysis and to find ways to improve the quality and impact of this work on policy dialogue, as well as program design and implementation. As an inter-agency forum, the event also provided a platform from which to collect critical feedback on the World Bank’s country social analysis framework and approach—a comprehensive tool for assessing social and political country context.

## 2. Background

Development practitioners are increasingly aware of the role social and political structures play in shaping development outcomes in a country. Failure to anticipate political and institutional challenges is a significant cause of unsuccessful policy reforms and poor implementation performance. Recognition of these relationships has prompted the donor community to address explicitly how social and political factors shape economic development and vice versa. In an effort to increase aid effectiveness, several donor agencies have been developing various approaches, through which to analyze social and political change at the country level, including the “drivers of change” of the UK Department for International Development (DFID), “power analysis” of the Swedish International Development and Cooperation Agency (SIDA), “governance questionnaire” of the German Agency for Technical Cooperation (GTZ), and “democracy and governance assessment” of the US Agency for International Development.

Within the World Bank, the Social Development Department has also developed an approach called country social analysis (CSA). The CSA aims to identify opportunities, constraints, and risks to development that arise from the political and social context in partner countries. Similarly, other World Bank instruments, such as the country gender assessments (CGA), the institutional and governance reviews (IGRs), and conflict analysis framework (CAF), have made significant strides in understanding how different country context variables, including the characteristics of the elites, the political system, institutions and norms, social grievances, conflicts, and other social and political factors impact policy making and program implementation.

The different donor approaches to social and political analyses reveal a number of important commonalities—a special consideration for political economy variables, including institutions and actors, as well as a review of the impact of power relations on development processes. Yet, the approaches differ significantly in their objectives, processes, and ways of communicating findings to partner governments and influencing policy. It has been widely recognized within the donor community that harmonizing the standards for social and political analysis, and collaborating in their implementation, will increase donors’ credibility as well as the capacity of governments to absorb and integrate recommendations in their policy making. Knowledge sharing and collaboration will enhance the donors’ own capacity to promote sustainable pro-poor reforms, and to build and maintain reform-minded coalitions. This conference aimed to provide an opportunity for sharing knowledge and to serve as a foundation for future cooperation in mainstreaming social and political analysis.

### 3. Participants

Approximately 100 scholars and development practitioners attended the conference, among whom were delegates from nine UN agencies—UNDGO, UNHCR, UN ECLAC, UNDESA, UNICEF, UNFPA, ILO, IFAD and FAO, and social science researchers from Africa (CODESRIA), Asia (Philippine Social Science Council) and Latin America (FLACSO).<sup>1</sup> Other international organizations were also represented including the Overseas Development Institute (ODI), the Organization for Economic Cooperation and Development (OECD), the Organization of American States (OAS), Inter-American Development Bank (IDB), and Inter-American Foundation (IAF). Scholars from Georgetown, Brown University, University of Wisconsin-Madison, London School of Economics, Virginia Polytechnic Institute, and The Brookings Institution presented an academic perspective on macro social analysis. Multilateral and bilateral donors were represented by the UK Department for International Development (DFID), the Swedish Agency for Cooperation and Development (Sida), the US Agency for International Development (USAID), the German Organization for Technical Cooperation (GTZ—Gemeinschaft für Technische Zusammenarbeit), German Federal Ministry for Economic Cooperation and Development (BMZ—Bundes Ministerium für wirtschaftliche Zusammenarbeit und Entwicklung), Agence Française de Développement (AFD—French Agency for Development), the Netherlands' and Denmark's Ministries of Foreign Affairs, and World Bank headquarters and country offices' staff. (A complete roster of participants is available on the enclosed CD.)

### 4. Structure

The conference was structured around three modules. The first, on May 17, 2006, outlined current perspectives on macro social and political analysis—from its conceptual underpinnings and key research questions to its practical application in the experience of various donor agencies. The second, on May 18, focused on specific recommendations for influencing the policy dialogue. It included a policy-maker's view on the scope and purpose of macro social analysis by OAS Secretary-General Jose Miguel Insulza, a presentation and comments on the World Bank's Country Social Analysis approach, and the lessons learned from four country cases of macro social analysis. The third module, on May 19, focused on management views on refining policy recommendations and improving social analysis work. Each module was structured around panel presentations, followed by small-group and plenary discussions that touched upon key questions from the day. (See the enclosed CD for a detailed conference agenda.)

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<sup>1</sup> UNDGO (United Nations Development Group Office), UNHCR (United Nations High Commission on Refugees), ECLAC (United Nations Economic Commission for Latin America and the Caribbean), UNDESA (United Nations Department of Economic and Social Affairs), UNICEF (United Nations International Children's and Education Fund), UNFPA (United Nations), ILO (International Labor Organization), IFAD (International Foundation for Agricultural Development), and FAO (Food and Agriculture Organization), and social science researchers from Africa (Council for the Development of Social Science Research in Africa, CODESRIA), Asia (Philippine Social Science Council), and Latin America (Facultad Latinoamericana de Ciencias Sociales, FLACSO).

## II. PERSPECTIVES ON MACRO SOCIAL ANALYSIS

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### 1. Overview of Key Socio-economic and Political Issues in Development Assistance

The first panel session on Wednesday, May 17, 2006, provided a conceptual background of the conference by mapping out the overarching analytical focus and identifying the type of research questions that need to be addressed by macro social analysis. Political economy scholars Michael Woolcock (World Bank), Gary Green (University of Wisconsin-Madison), Caroline Moser (The Brookings Institution), and Barbara Stallings (Brown University) examined the gaps in development assistance that social research can fill, such as understanding assets and the institutions that underlie their accumulation and distribution; awareness of the causes and management mechanisms of social risks and conflict; and knowledge of the opportunities for, and obstacles to, social change and mobility. In addition to outlining major research issues, the panelists suggested ways of approaching the analytical process and presented some of the challenges to successful analysis. The session was chaired by **Andrew Norton** (World Bank, Social Development Department).

**Michael Woolcock** emphasized that macro social analysis must focus on understanding the factors and institutions that facilitate management of social and political risks, as well as preventing and negotiating conflict. In addition, the analysis should lead to understanding non-economic inequities in a country's social, cultural, and political context, and the ways in which donors can build effective coalitions for reform.

All people face risk in their lives—from risks to physical security to security in education, health, employment, and access to other essential services. Risk-management institutions (credit, social protection, early warning systems, insurance markets, etc.) affect and enable every aspect of modern life. Yet their role is often undermined and under-researched. While there is no established model on how to effectively build such institutions, in-depth analysis of the country context underlying the institutional set-up and rigorous project evaluations are the best ways to realize better risk management. The same can be said about conflict prevention and negotiation mechanisms—whether for violent or nonviolent or social or political conflict. The fact that conflict can be generated both by failed and by successful economic reforms, demonstrates that it is not just a side effect of one bad project or policy, but has deeper roots in social and political relationships. Through macro social analysis and efficient channels for collecting feedback, donors can project what political or community arrangements are likely to be challenged or consolidated by their programs, and thus anticipate and prevent conflict. Social analysis is also instrumental in explaining the non-economic roots of inequity (social, cultural, or political) in the societies in focus. Since inequity and opportunity are not always quantifiable—unlike that of income or wealth—understanding it can only be achieved through comprehensive qualitative analysis.

The main challenge facing development practitioners is to move from recognition that “institutions matter” to concrete action to improve them in order to effectively manage risk, prevent conflict, and promote equity. Hence, Woolcock concluded that the fourth primary concern of macro social analysis should be to identify potential partners and facilitate building broad coalitions for change, both through its process and through its findings and follow-up.

**Gary Green** posed three questions for considering macro social analysis:

1. What are the main issues addressed by the analysis?
2. What research questions should it focus on in order to be more relevant for development?

3. How can the information from the analysis be used to achieve the greatest impact on programming?

In terms of the main entry points for macro social analysis, Green reiterated that social risk, institutions, social rules and behavior, stakeholders, and their levels of participation should be key elements of the analysis. He added that the analysis should also dig deeper and explore the different aspects of social diversity, the nature of NGOs (non-governmental organizations) and informal organizations, and the ways in which they affect opportunities at the regional level.

Green defined assets as resources that have the potential for generating new resources. Those that are relevant for development accumulate into different forms of capital: social, political, human, cultural, physical, and financial. The value added from social analysis lies in its ability to reveal the relationships between different groups of assets, livelihood strategies, and socioeconomic mobility and the impact of those relationships on development. Furthermore, the analysis should demonstrate the role of the non-governmental sector in supporting, contradicting, or supplementing government policies which are targeted at poverty and inequality.

**Caroline Moser** focused on assets and asset-accumulation strategies in macro social analysis. She noted the importance of distinguishing among individual, household, and collective assets, and of adjusting the research framework according to the particular development objectives. Promoting sustainable livelihoods, for example, calls for an understanding of assets and capabilities that provide long-term means of living. Social protection necessitates research on the efficiency and inclusiveness of risk management institutions. Alternatively, a development strategy may specifically research asset accumulation to design strategic policies for sustainable development.

The assets-opportunities-institutions nexus is another key area for macro social analysis. “Opportunity” in this context can be defined as the enabling environment (both formal and informal) in which actors operate to acquire assets. To assess sustainability, donors should distinguish between first- and second-generation asset accumulation policies. First-generation policy (the provision of health, education, housing, etc.) provides well-being, but does not necessarily drive sustainable asset accumulation. Second-generation asset accumulation policies are designed to strengthen the already acquired assets and contribute to their consolidation rather than erosion. Turning rights of citizenship into the ability to participate in decision making, and in the existing financial and labor markets, etc., is one example of successful second-generation asset accumulation policy.

**Barbara Stallings** began by emphasizing the inextricable link between the political, social, and economic dimensions of development research. A political economy approach to social analysis combines elements of all three domains, and thus has the advantage of revealing new and more productive ways of looking at development issues. She noted that the key social factors, which macro-level analysis should be concerned with, are the various dimensions of poverty, income distribution, quality of and fair access to social services, and employment. The essential political factors of analytical importance, on the other hand, should refer to the power and ideology of governments; to the interests and behavior of political parties, civil society groups, and community agents; as well as to the nature of political institutions, i.e., their level of openness and predisposition to conflict.

Stallings focused on labor as a vital and unifying element of macro social analysis, due to its strong implications for development and deep roots in all three social, economic, and political domains. While the demand for labor is directly linked to production, its supply relates to the demographic structure of society and the quality of social services in the country—in health, education, transportation, etc. She suggested that researching labor-force characteristics, labor market policies, and the political connections of labor will greatly improve donors’ perspective on countries’ social and political contexts

with respect to development, and will enhance their ability to influence the policy dialogue. Donors can incorporate labor in the analytical process in a variety of ways, such as mining union think tanks for data or collecting relevant feedback through greater union participation. In terms of making the analysis relevant to the policy dialogue, the strong political role of labor organizations can be used as a force for better governance.

A **Question and Answer session** following the panel raised issues of operationalizing the proposed research. Questions arose specifically on ways of engaging governments and building local coalitions, given the limited capability of donors to “affect politics without politics.” This issue is particularly complex in countries where institutions and social movements are new and there is no strong civil society in place, as in post-socialist transition states.

Another concern was how much donors know about creating responsible institutions and what is the best way to build them. The panelists agreed that there is no set answer to these questions. Macro social analysis is an approach to seeking better institutions on a set of broad criteria (accessibility, transparency, accountability), rather than a universal template for institution-building.

Finally, the notion of citizenship was flagged as indispensable for social analysis. The capacity of individuals to recognize and access opportunities is just as crucial for development as are the policies for providing these opportunities. Therefore, donors need to see people as active agents in shaping their social and political environment and aim to capture their perspectives on development when designing programs and projects. They must try to ensure maximum citizen participation in the analysis, program design, and monitoring.

**KEY MESSAGES: *Socio-economic and Political Issues in Development Assistance***

The main objective of the session was to outline the key analytical dimensions for macro social and political analysis. On the conceptual level, the analysis should be concerned with:

- factors that predispose individuals and groups to risk and conflict, the state and nature of risk- and conflict-management institutions, and ways in which the latter can be improved;
- non-economic inequities in the country context;
- distribution of key assets; and
- institutional mechanisms that provide or obstruct opportunities for asset acquisition and social mobility.

Recommendations include the need for donors to look at citizenship—citizens’ rights and participation—for assessing and influencing equity in the country; to collect input from various stakeholder groups, such as labor unions, and civil society or community organizations; and to use these groups as partners in the policy dialogue. The main challenges lie in operationalizing the analysis, i.e., learning how to create responsible institutions and how to build effective coalitions for change.

## **2. Donor Approaches to Social and Institutional Analysis**

The objective of the second panel session was to show how these critical analytical concepts have been researched and applied to programming by three major donor agencies—DFID, Sida, and USAID. The panelists—Ann Freckleton (DFID), Esse Nilsson (Sida), and Jerry Hyman (USAID)—presented their agency’s approach and highlighted the lessons learned and future challenges. The session was chaired by **Arthur Erken** (UNDGO).

The **Drivers of Change** (DOC) approach was piloted by DFID in order to understand mechanisms of change, in particular the social, economic, and political factors that drive or obstruct development in a country or a region.<sup>2</sup> **Ann Freckleton** outlined some of the positive impacts of DOC, including creating dialogues with partner governments and addressing sensitive issues, such as corruption. It has also brought DFID and other branches of UK government closer together. On the downside, although the



Drivers of Change approach has deepened DFID's understanding of foreign political systems, it has not yet identified a clear strategy for dealing with personalized politics and state capture of resources in patrimonial societies. Operating in such countries remains a challenge.

In terms of the lessons learned, Freckleton stressed that drivers of change is “not a magic bullet”: it can offer clarity on the social and political actors and mechanisms in a country but not necessarily prescribe a quick-win strategy for policy dialogue. Adequate preparation is also essential in order for the analysis to be operational. The audience, the

expected results, and a dissemination strategy should be determined early on in the process. DOC analyses have been most effective when a country's head of office has been engaged in all stages, external actors have been approached for cooperation, and various channels have been used to validate the acquired knowledge.

Donor harmonization, the alignment of national and external capacity in developing countries, and the successful operationalization of the analyses are among the most challenging aspects of macro social and political analysis. Other challenges include engaging non-traditional partners (other donors such as China, Saudi Arabia, etc.), and being flexible in the face of changing social and political environments.

Sida's **Power Analysis** approach emerged from the recognition that poverty is multidimensional and is rooted in social and political relationships as much as it is rooted in economic factors. Power analyses are conducted in roughly two years and are guided by Sweden's *Policy for Global Development* (2003)<sup>3</sup>—a coherent development strategy that applies to all branches of the Swedish government. The policy is built around four guiding principles: participation, non-discrimination, transparency, and accountability. To date, Sida has launched three types of studies to inform its operations: integrated economic analysis, social analysis, and political, or power, analysis. Social analyses consist of a descriptive mapping of the social landscape—social structures, actors, cultural norms, social mobility and inclusion, social protection, and assets and resources of the poor. Power analyses, on the other hand, focus on the political dynamics and power relations in a country and their impact on human rights and on developing local capacity. The analysis was designed for an internal audience mostly—to feed into Sida's poverty reduction strategy and similar processes.

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<sup>2</sup> A summary of the background and objectives of drivers of change can be found at: [http://www.chronicpoverty.org/CPToolbox/PolicyInfluence\\_MediaEngagement/3.1%20Power%20and%20Country%20Level%20Analysis/1-DFID\\_DoC%20summary%20\(DB\).pdf](http://www.chronicpoverty.org/CPToolbox/PolicyInfluence_MediaEngagement/3.1%20Power%20and%20Country%20Level%20Analysis/1-DFID_DoC%20summary%20(DB).pdf)

<sup>3</sup> Government of Sweden, Ministry for Foreign Affairs, *Shared Responsibility: Sweden's Policy for Global Development* (Stockholm: Government Offices of Sweden, 2003), [http://www.sweden.gov.se/sb/d/574/a/24520;jsessionid=a2k\\_-gx65vFg](http://www.sweden.gov.se/sb/d/574/a/24520;jsessionid=a2k_-gx65vFg) (accessed September 9, 2006).

According to Sida, the manner of conducting an in-country analysis is sometimes more important than the results, including selecting the appropriate timing for it, involving the most pertinent in-country stakeholders, and drawing sufficiently on in-country resources and expertise. The process is enhanced by collaboration and harmonization with other donors. Among the challenges are ensuring the successful incorporation of a “rights” dimension and poor people’s perspectives on development.

**Jerry Hyman** provided an overview of USAID’s **Democracy and Governance Assessments (DGAs)**, which emerge from a three-week, three-person process that contains four simultaneous steps. First, the team identifies the priorities of the study by distilling five common variables—consensus, rule of law, competition, inclusion and good governance—through the specific country context. Simultaneously, key actors and allies in the country are identified, along with their interests. A country institutional analysis then looks into the form of governance, rule of law, competition, and civil society in the country. Finally, the process identifies the constraints facing both donors and country in implementing programs in the specific environment, and the types of compromises needed.

USAID, like Sida and DFID, emphasizes the need for harmonization of donor work in macro social analysis, even though the objectives of each institution entail a different analytical focus. The major challenges, on the other hand (also shared by the other two donors), lie in identifying the most effective way to operationalize the studies and in learning to mainstream findings into policy and to engage in productive dialogue in environments of personalized politics and patronage systems.

In the subsequent **Question and Answer session**, one of the major concerns was how to conduct social analysis when a country is in crisis and limited information is available. Using the example of Ethiopia, Esse Nilsson responded that this study would have been more effective had it been conducted as part of a larger effort, for example, as part of an integrated poverty analysis that would have facilitated information gathering and would have also encouraged greater local participation both in creating the study and in following it up.

The timing and scope of social analysis was another area of concern. While conceptually similar, the discrepancy between a three-week analysis and a two-year study suggests different objectives and results. Sida considers an extended process mandatory for a multi-dimensional poverty analysis, as analyses must be updated between the developments of different strategies. By contrast, USAID generates short studies with useful recommendations for a particular development strategy. The disadvantages from the quick approach are the lack of depth and the lack of flexibility for updating and using the study again when actors and circumstances have changed. The advantages are resource efficiency and more immediate cooperation with the country office staff. Hyman concluded that three weeks is sufficient time for donors to capture the critical issues and the rhetoric of the main political actors in any country. USAID produces separate multi-dimensional poverty analyses that try to build capacity in the process and are meant to influence the agency’s broader policy. Freckleton confirmed USAID’s view that the macro analyses should not become a “donor industry.” Instead, country offices need to collect data continuously and gather ongoing feedback, and in turn, feed this knowledge into macro level analyses.

The challenge of working with government counterparts on sensitive political issues was a theme that surfaced several times during discussion. In DFID’s view, sharing the study with governments, even if produced for internal purposes, is a positive step forward. It offers an opportunity to begin more open dialogues with local authorities and to address controversial but important issues such as corruption, lack of transparency, impediments to political participation, etc. Hyman commented that it is difficult to break patronage systems when one is trying to build consensus among key stakeholders, since many of them have a vested interest in keeping the status quo.

The panel noted that, in sensitive political environments, different agencies operate under different frameworks which guide response and action. Sida, for instance, tends to be guided by its Policy for Global Development, while USAID needs to consider US foreign policy. This imposes limits on the extent to which political analysis can be a coordinated exercise among development partners.

**KEY MESSAGES: *Donor Approaches to Social and Institutional Analysis***

**Lessons Learned and Recommendations**

- Social and political analysis is not a “magic bullet”—donors should be realistic in their expectations and be aware that these studies may not produce immediate policy outcomes.
- Country ownership is important for the successful integration of analysis into policy and is dependant upon the active engagement of country office staff and local experts, as well as on selecting the right stakeholders to cooperate with, during, and after the study.
- Studies should aim at enhancing the capacity of the country to deal with identified issues by promoting productive in-country dialogue, raising the voice of civil society and/or marginalized groups, and promoting the building of coalitions for change.
- The findings of the analyses should, where possible, be shared with country counterparts rather than be kept for donor use only.
- Overall, the analysis will benefit from increased donor cooperation.

**Challenges**

- Finding ways to operationalize the studies and to integrate them into the policy dialogue
- Coping with personalized politics and systems of patronage
- Managing time, resources, and other institutional constraints
- Harmonizing approaches among donors, especially in cases where they need to leave their “comfort zone.”

### 3. The World Bank Experience with Macro Social Analysis

The third panel session on Wednesday, May 17, 2006, reviewed some of the World Bank’s analytical instruments designed to address vital social and political issues. **Lucia Fort** (Gender and Development Group) presented the experience with country gender assessments. **Per Wam** (Conflict Prevention and Reconstruction, Social Development Department) outlined the framework and lessons learned from the conflict analysis framework. **Doris Voorbraak** (Public Sector Governance Group) gave an overview of institutional and governance reviews. Each of these studies was a pilot as a means to understand the mutual impact of development programs and key social factors and processes—gender relations, sensitivity to conflict, and the fairness and efficiency of institutions, respectively. The session was chaired by **Anis Dani** (World Bank, Social Development Department).

**Country Gender Assessments (CGAs)** are conducted by the World Bank’s Gender and Development Group (PRMGE) with two main objectives: to identify gender-responsive interventions and feed them into the Bank’s country assistance strategy, and to follow up and monitor gender interventions that have already been included in the country assistance strategy. Country gender assessments consist of a country gender profile, a review of the policy environment (laws and institutions) that act to promote or impede gender equality, an overview of the World Bank lending portfolio in the country, and a set of recommended interventions aimed at improving gender equality. Since 2002, a total of 41 CGAs have been completed in all regions. The experience with seven of them has been reviewed to assess their impact and was presented in this session.

**Lucia Fort** outlined the ways in which CGAs have added value to the country assistance strategy and identified policy recommendations and challenges for future studies. By introducing a new lens of analysis, CGAs have helped ascertain previously ignored impediments to growth. In Jordan, where women have high access to education and health services, but low labor-market participation, pointed to an underutilization of human capital. In Afghanistan, CGAs demonstrated ways to strengthen women's economic participation, even though their levels of education and health were much lower than those of women in Jordan. Increasing women's role in the economy was pointed to as a poverty reduction strategy in Bosnia and Herzegovina as well, where the gender assessment was done as part of an integrated poverty assessment. In Jordan, the CGA resulted in labor law revisions, the creation of a national policy for women in the labor force, and the establishment of a gender unit in the Ministry of Planning. In Egypt, the CGA led to the creation of gender budgets (e.g., to establish family courts) and to the revision of nationality and tax laws to include women.

The main lessons that have emerged from the CGA experience include the need to involve intensive local consultations, to locate open channels for dissemination, and pinpoint reliable partners to disseminate it. In terms of timing, the CGA experience recommends conducting the studies as inputs prior to the creation of key policy documents, such as country assistance strategies, poverty assessments, and poverty reduction support credits. As for local consultations, dialogues with government, parliamentarians, civil society organizations, scholars, and private sector representatives not only help assemble adequate information but also promote local ownership of the subsequent gender-related policies. Face-to-face meetings and dialogues set up broadly throughout the government, and not just with the Ministries of Women Affairs, are the most effective way to disseminate CGA findings in-country. To disseminate them internally, integrating them in policy design documents, as mentioned above, has proven to be the best practice. Fort added that the success of future CGAs greatly depends on acquiring a sufficient budget for dissemination and follow-up.

**Conflict Analysis** was launched by the Social Development Conflict Prevention and Reconstruction Unit in response to Operational Policy 2.30, which states the need to provide "assistance that minimizes potential causes of conflict."<sup>4</sup> Conflict analysis aims to explain the drivers and dynamics of conflict escalation and de-escalation, the linkages between conflict and poverty, and the ways in which development strategy can strengthen societies' resiliency to conflict. **Per Wam** reviewed the process and analytical scope of conflict analysis, and highlighted the lessons learned from producing and using the analyses.

Prior to conducting a conflict assessment, nine indicators are used to quickly screen the local context, including factors such as history, politics, public perceptions, links to poverty, etc. The actual study examines approximately thirty variables, which, as outlined in the conflict analytical framework, fall into six broad categories: social and ethnic relations, governance and political institutions, human rights and security, economic structure and performance, natural resources, and external forces. To date, 14 conflict analyses have been completed, either as comprehensive stand-alone documents (Nigeria, Somalia, Sri Lanka), limited stand-alone documents (Central African Republic, Burundi, Venezuela), or as parts of other works (Chad, Sierra Leone, Angola, Guinea Bissau). In addition, a conflict component was added to the country social analyses of Haiti and the West Bank and Gaza.

Actively engaging country offices and local stakeholders in the analysis, Wam emphasized, moves the effort beyond dissemination toward implementation and helps ensure the actual application of findings

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<sup>4</sup> World Bank, 2001, rev. 2005, "Development Cooperation and Conflict," Operational Policy 2.30 (Washington, DC: World Bank), <http://wbln0018.worldbank.org/Institutional/Manuals/OpManual.nsf/tocall/5870698DE018C520852569E5004EC9AD?OpenDocument>, accessed September 9, 2006, as cited by Per Wam, May 17, 2006.

in policy, as well as capitalizing on the benefits of joint donor work. He suggested that conflict sensitivity analysis should be conducted even when conflict is not a primary concern for a country. As with other studies, time and resource constraints often hamper the ability of the donor to operationalize the findings through local governments. In addition, conflict analysis requires special attention to staff safety and the ability to access all regions.

**Institutional and Governance Reviews (IGRs)**, presented by **Doris Voorbraak**, were designed to trace the institutional roots of poor governance and to provide operational recommendations for improving the performance of institutions. Since 1999, the World Bank Public Sector Governance Group has applied empirical surveys through IGRs to quantify poor governance across a broad range of sectors. Some IGRs specifically analyze social service delivery (Democratic Republic of Congo, Burkina Faso, Guinea); others focus on broader social sector improvements, such as the health and education reforms in Argentina. Yet another set of IGRs examine the impacts of political patronage and of complex political coalitions on governance (Armenia, Bangladesh, Bolivia, Peru). A common goal of all IGRs is to identify the main governance problems in a sector, and identify the drivers of poor performance (lack of citizen voice, strong private interests, weak check and balance systems), and ways to support drivers of change.

Over time, IGRs have become costly studies, turning into large volumes, basically stand-alone products that are detached from operations. Thus, one of the major challenges is to keep IGRs more operational and linked to strategic documents. Another challenge lies in how they are disseminated—the question of internal versus external audiences—given the political sensitivity of some of the findings. Voorbraak recommended that IGRs be shortened and problem-driven so they can be quickly integrated into operational work and linked to in-country strategy workshops before a country assistance strategy is conducted. Instituting these recommendations would better ensure that the CAS addresses the chief governance issues.

One of the major themes of the **Question and Answer session** dealt with the possibility of merging these multiple analytical instruments. Panelists commented that ideally there would be a universal, more practical “Swiss-Army knife” type of study to address the political and social contexts in a country. In practice, however, harmonization of studies has not been successful. Some efforts have been made to produce comprehensive conflict and gender analyses together with local partners that can then be updated on a regular basis. A joint conflict study in Somalia, for instance, urged local partners to include conflict sensitivity in their own descriptions of the social and political environment. Yet, to this point, no systematic process for merging the multiple analytical tools, or for engaging locals in the process, has been developed. Part of the reason for the proliferation of tools is the World Bank’s own incentive and budgeting system. And even though it leads to information and resource inefficiencies, Lucia Fort noted that it also allows Bank teams to gather practice and improve their performance in the long run by having to actively “market” their analyses to other donors and departments.

Another theme pertained to operationalizing the analyses, where panelists reiterated the need to plan the studies’ application early, and to time them properly—usually before a country assistance strategy is finalized. The studies also need to ensure that they use adequate data sources and update their sources consistently. On gender issues, an effort is already underway to coordinate the analyses and data collection among donor agencies, in order to minimize costs and contribute to future donor cooperation. For conflict, a move in this direction was the integration of conflict analysis with other World Bank works. The IGR experience, on the other hand, has shown that comprehensive analyses are of less use. Therefore, efforts to increase their efficiency aim at responding to specific questions that arise from the regions and producing short and targeted studies, rather than longer, collaborative works.

Regarding conflict analysis, the discussion focused on whether and how the sometimes uneasy relationship between conflict and economic growth affects the application of its policy recommendations. Wam agreed that a trade-off between growth and conflict sensitivity should always be considered. Yet, the purpose of conflict analysis is precisely to make policy makers cautious about promoting economic policy that may trigger conflict. The greater their awareness of risk is, the less likely they may be to ignore the aspect of conflict. In response to a subsequent question on what triggers conflict analysis, he replied that there is no formal trigger mechanism. Rather, it takes a convincing argument, raised persuasively and “marketed” within the institution, to establish the need for a conflict study in a country or region.

Cooperation with UN agencies also arose during the discussion. Gender and conflict analyses missions have collaborated extensively with the UN Development Programme (UNDP) and UN peacekeeping missions and have shared information and resources with other relevant UN agencies. In addition, gender teams have worked together with the Asian Development Bank, Inter-American Development Bank, and other regional donors, benefiting from their country expertise.

Finally, real-time evaluation (“What happens as it happens?”) was brought up as an important process element. The panelists agreed that real-time evaluation should focus on structural and persistent issues rather than sensitive current events. Thus, the evaluation findings will be relevant in the long run, and the government’s confidence in the donor work will not be lost. As far as evaluation of the results after the study is completed, one should aim to continue long-term monitoring based on the initial indicators.

**KEY MESSAGES: *World Bank Experience of Macro Social Analysis***

**Lessons Learned and Recommendations**

- Engaging country office staff in all stages of analysis and conducting consultations with a broad base of local stakeholders is critical to every study.
- Timing of the analyses should consider windows of opportunity for building coalitions with local partners, and more effectively integrate the studies with donor policy.
- Studies should build on donor cooperation, including UN, local, and international non-governmental organizations (NGOs); civil society organizations, local social science associations, etc.
- Analyses, integrated with other policy documents (country assistance strategies, poverty reduction strategy papers, etc.) are more relevant than stand-alone papers.
- The dissemination strategy should be determined early, in the planning stage.

**Challenges**

- Keep studies operational and problem-driven.
- Consider time and resource constraints.
- Consider data collection hurdles, including scarce local statistics or expertise. In the case of conflict analysis, consider obstacles to accessing certain regions and safety concerns.
- Consider potential of problematic relationships with governments with politically or culturally controversial findings.

#### **4. Group Discussion: Analytical Scope and Process of Macro Social Analysis—Opportunities for and Challenges to Donor Harmonization**

Small-group work followed by a panel discussion at the end of the day, addressed three primary questions:

1. What are the essential analytical dimensions for an effective macro social and political analysis?
2. What are the critical elements in the process of conducting these analyses?
3. What are the opportunities, challenges and potential benefits of greater donor coordination in macro social analysis?

##### ***Analytical Dimensions of Macro Social Analysis***

Regarding the scope of analysis, participants concurred that every macro social analysis should contain an overview of the gender, age, class, and ethnic group structure in a country, accompanied by an analysis of the way in which social, economic, and political factors and institutions impact the relationships within and among these groups. Any additional group divisions that influence people's status and ability to access key assets (such as status of caste in Nepal, regional and clan differences in Tajikistan) must also be examined. Similarly, the analysis should address inter- and intra-group power relations, as they are often the basis for exclusion and unequal opportunity. Conflict and its potential causes must be examined as well.

A large number of participants emphasized the importance of adding a historical perspective to the analysis instead of looking solely into the current social and political environment. Examining group and power relations in history reveals past patterns and agents of change—both positive and negative—which must be taken into consideration for future reforms as well. A detailed analysis of the constituencies that drive reform—both current and historical—is in itself a key analytical element. It includes a review of the major stakeholders, their behavior and interests, as well as their perspective on local development.

Subsequently, macro social analysis has to explore the institutions and rules of the game, through which access to assets and opportunities occurs. It should not exclude service delivery institutions that are beyond the realm of the state, i.e., civil society groups and informal or community-based organizations. A few practitioners stressed that studies must aim their recommendations toward broad institutional reforms, rather than narrowly targeted projects. In Nepal, for example, the World Bank promoted inclusion programs of marginalized groups across all branches of government, as opposed to a single government program targeting socially disadvantaged groups. The country gender assessment team confirmed that programs, adopted across ministries and included in broader policy (as in Jordan and Egypt) are more effective than those with a narrower scope.

Another point of discussion was that donors should integrate different levels of analysis—both micro and macro, formal and informal—into the studies. In order for macro social analysis to be useful in programming, it must clarify, or at least suggest, the links to micro processes as well. Informal structures and mechanisms should be given high consideration since an explanation of them is unavailable in other official sources.

Finally, the analysis should consider external factors, such as the geopolitics of the region and/or donor interests in the region. Those are likely to influence the effects of development projects on in-country equity and political stability as well.

### ***Key Process Elements in Macro Social Analysis***

Five primary recommendations on the process of conducting macro social analysis emerged from the discussion:

1. Clarify the audience early in the process
2. Pay attention to the most effective timing of the study in relation to the policy processes it is intended to influence
3. Address donor legitimacy concerns that may arise from the country government or communities
4. Gear the analysis toward building local capacity and ownership
5. Select adequate agents for consultation

Clarifying the audience of the study early in the process is important so that the content of the study is focused on the major issues that concern the respective constituency (donor practitioners, governments, general public, etc.) Early audience identification also ensures a basis for designing an effective dissemination strategy, which includes selecting appropriate stylistic approaches for communicating to the audience (e.g., economist versus NGOs, etc.).

Timing of the study should be coordinated both with internal donor cycles and country political cycles. Internally, studies are likely to have the highest impact if done before main policy documents are written in order to incorporate this information into these documents. In a country, using windows of opportunity—for example, after elections—can be beneficial to finding new and willing local partners to contribute to the study and to assist its integration into policy.

When political economy analysis is conducted by donors and meant exclusively for internal use, local concerns with the legitimacy of the analysis may arise. Some ways to address these concerns are by tying the analysis to national processes, identifying its focal issues in consultation with local stakeholders, committing to long-term engagement in the country, and being open to revising the analysis in response to legitimate concerns. While aligning the analysis with national priorities may be effective for building partnerships, donors should also be careful not to reflect elite views and interests only.

Establishing local ownership and capacity requires a clear mapping of “who is who” in the country, and using this knowledge of country actors in all stages of analysis—its content, dissemination, and in the implementation of projects. Where possible, donors should employ local consultants and data sources as a means to increase local involvement and address legitimacy concerns. Ensuring a continuous engagement of stakeholders, even after the dissemination of the study, was also recommended as a step for enhancing local capacity.

Finally, building effective coalitions for reform or at least identifying potential partners is a necessary step in the overall analytical process. Engaging leaders who are capable of and committed to risk and conflict management increases the study’s chances of success.

### ***Opportunities, Challenges, and Benefits of Donor Coordination***

Although few concrete opportunities for donor coordination were discussed, participants noted an extensive list of challenges and potential benefits from harmonizing donor approaches to macro social and political analysis.

A harmonized donor approach, open to incorporating new perspectives, is more likely to engage local stakeholders. A concerted effort might also facilitate the building of in-country coalitions for change, as

well as conveying tough messages to local partners. Donors should be cautious, however, not to imply an intention of undue pressure on sovereign governments through their cooperative action.

Efficiency, effectiveness, and legitimacy are three more benefits resulting from donor coordination. By creating consensus on major problems and actions, donors are not only saving resources and drawing from a larger pool of expertise, but also increasing their credibility in the eyes of local partners. Shared responsibility and accountability were also brought up as benefits from harmonization.

Among the main challenges of harmonization is the need to first build trust and commitment among donors. Forming alliances with shared goals and messages is especially difficult among agencies that typically do not share similar ideas and approaches. An effective harmonization will require clear leadership and it is often unclear which agency will take this role, or through which alternative way such multi-agency efforts might be coordinated. Finally, it is difficult to achieve transparency and effective communication among multiple players.

Making recommendations operational will remain a challenge in a coordinated approach (even if it is not a challenge to coordination itself). Not all recommendations are feasible to implement, given the power relations in the country, and findings still need to be communicated in a politically sensitive way. As mentioned above, the appearance of political alignment among donors that interferes with national politics may create unwelcome tension.

## **5. Summary: Key Messages of the Day**

Sustainable and equitable development policy should strengthen the capacity of countries to manage social and political risk; to prevent or mitigate conflict, and to diminish social, economic, and political barriers to participation. In addition, donors should seek to build adequate in-country coalitions that can drive change and enhance capacity in the above three areas. The purpose of macro social analysis is to inform donor policies by generating country-specific knowledge on social diversity, livelihoods, and asset distribution, as well as on the nature of institutional mechanisms and their ability to manage risk, negotiate conflict, and sustain asset-building opportunities in a transparent, inclusive, and accountable manner.

Experiences with various forms of social and political analysis among donor agencies have reached similar conclusions regarding the advantages and shortcomings of the analytical process, and the challenges to its improvement. In-country consultations and the engagement of local stakeholders in all levels of analysis are the two foremost recommendations for successful studies. In addition, all practitioners shared the view that adequate timing and rigorous monitoring are important toward making the analysis operational.

A stronger effort must be made toward harmonizing the multiple approaches to social and political analysis. Some joint assessments have already been undertaken. Yet, more coordination can be done among agencies, in order to capitalize on joint resources and expertise, and achieve greater policy impact by conveying common recommendations.

### III. INFLUENCING POLICY DIALOGUE: COUNTRY EXPERIENCES

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#### 1. Influencing Policy Dialogue: Policy Makers and Development



On Thursday, May 18, 2006, **Jose Miguel Insulza**, secretary general of the Organization of the American States, presented a policy-maker’s perspective on the central research issues and needs for macro social analysis. World Bank Managing Director Graeme Wheeler introduced Insulza with a short welcoming speech, highlighting the point that socio-political analysis is important to informing policy dialogue and that the World Bank is interested in finding more effective ways of integrating this policy analysis into projects and programs.

Insulza began by emphasizing the importance of social policy for sustainable development. The pursuit of economic growth and market freedom, he stated, is in itself insufficient to ensure long-term improvement in human and social capital. Insulza emphasized that donors and policy makers should understand the factors in a country that contribute to political stability. He went on to highlight the importance of understanding the mechanisms that facilitate social contracts and help build consensus among stakeholders on the rules of the game and the due entitlements of various social groups. A functioning system for working out differences among decision makers, Insulza stressed, is what makes a democratic system work.

In conclusion, Insulza called upon donor agencies to look at what factors contribute or hinder the capacity of the existing institutions (political system, government and civil society) to deliver the goods and services that have been agreed upon by the different stakeholders.

#### 2. Country Social Analysis: Lessons and Challenges

The first panel session on Thursday, May 18, 2006, focused on the framework and experience with country social analysis (CSA)—a comprehensive analytical tool for informing policy on key social and political factors in a country context, piloted by the World Bank’s Social Development Department. Estanislao Gacitúa-Marió (World Bank) presented the main objectives, analytical scope, and process of the CSA, and highlighted the major lessons learned and future challenges for this approach. François Gaulme (Agence Française de Développement—AFD) and Carlos Sojo (Facultad Latinoamericana de Ciencias Sociales—FLACSO) commented on the relevance of CSA studies and offered recommendations for its improvement from a practitioner and social scientist point of view respectively.

Following the discussion on country social analysis, Ben Dickinson (OECD, Development and Cooperation Department—DAC) summarized the evolution of donor approaches to governance, and the impact and lessons learned from the OECD-DAC Governance Network experience with coordinating donor work on social and political analysis.

**Estanislao Gacitúa-Marió** began by outlining the objectives of country social analysis: 1) to inform World Bank management, in-country policy makers, and donors on key social and political issues; 2) to provide inputs to policy documents such as country assistance strategies, country economic memoranda, etc.; and 3) to improve policy dialogue in a way that supports equitable and inclusive development.

The CSA analytical framework focuses on the interaction between the two dimensions of social diversity, assets and livelihoods; and power, institutions and governance. The first dimension examines the distribution of key assets among different social groups, and people's opportunities to access these assets. The second dimension explores the institutional channels that mediate access to assets and services, and the impact that institutions have on policy making and resource allocation. Based on this analysis, CSAs aim to recommend concrete policies that increase equity and social mobility for marginalized groups, given the country's socio-economic and political environment. Such policies may address enhancing the accountability of asset-building institutions, strengthening of conflict and risk management institutions, removing social and cultural discriminatory practices, or increasing the voice and participation of disenfranchised groups in political processes. Lessons learned regarding the analytical framework of CSA have shown that it should be kept simple in order to communicate core messages, and also flexible so that it can be adapted to different country environments.

The CSA process has varied depending on the scope and goals of each study. Of the 14 pilot CSA cases to date, some became stand-alone documents, some inputs to key policy documents, and others were integrated studies with a poverty assessment or gender or conflict analysis. Data collection methodology has usually been mixed, involving qualitative field research, review of existing literature and quantitative surveys, as well as interviews with various stakeholders. The involvement of country office staff in all stages of the CSA has been important in the process. Other crucial process elements include engaging local government and civil society and selecting proper timing for the study, making use of windows of opportunity and facilitating its integration into policy making.

Regarding the future challenges to country social analysis, there are three main areas for improvement:

1. Linking the analysis to specific and operational policy recommendations
2. Mainstreaming the process for optimal efficiency and results, e.g., by determining the most appropriate timing and format, and using clear indicators and monitoring systems
3. Strengthening in-country and donor partnerships.

A draft version of the Economic and Sector Work document, "Understanding Socio-economic and Political Factors to Impact Policy Change," which contained a detailed account of the experience and lessons of CSA pilots, was also distributed at the conference. (A final copy of this document, which incorporated feedback from the conference, is available on the attached CD.)

**François Gaulme** of AFD's Strategy Division provided an "unauthorized French view" on country social analysis. He noted that concern with social behavior is still marginal in French government's development strategy and that, instead, "math elitism" and quantitative analyses still prevail. Social assessments are not compulsory in AFD's project cycles, yet, donor harmonization and some recent country experiences have brought the idea of social analysis more into the purview of the government. Agriculture and micro-credit programs in Sao Tome in the early 1990s, for example, produced short-term political success, but were marked by deep social and economic shortcomings. Preliminary social analysis, in this case, could have possibly foreseen and prevented the cost and capacity problems that ensued from the projects.

Timing—both the constraint of time and the selection of proper timing—is one of the main challenges in social and political analysis from AFD’s perspective. The mixing of development with diplomacy that arises from political analysis is another point of contention. Gaulme stressed that it is challenging but necessary to collect information on the informal (the “secret” and “unspoken”) processes in the country during such study. Like other speakers, he emphasized that country or regional social analysis has no chance for success without genuine country ownership, which implies both willingness and capacity of local partners to be involved in the analytical process.

**Carlos Sojo** confirmed that timing and the achievement of country ownership are some of the most pressing challenges for macro social analysis. He recommended building country knowledge networks beyond the traditional consultancy-based relations. Such networks are more likely to incorporate local social science sources, and transcend the language problems that foreign consultants often encounter. They can also ensure that long-term problems and not simply current crises are addressed.

Sojo highlighted the flexible, context-sensitive framework as a main advantage of the CSA approach. He also noted its good selection of entry points: inequalities (via social diversity), power (via institutions), and the implications of a long-term assessment contained in its historical component. He encouraged CSA teams to use participative methods in-country when selecting the variables for each case, and to focus on issues that could be integrated with other sector diagnoses to achieve an optimal impact.

Following the presentation of and comments on Country Social Analysis, **Ben Dickinson** (OECD-DAC) gave a more general review of the progress and challenges of donor efforts and cooperation in social and political analysis. He drew upon the findings and experience of OECD-DAC’s Governance Network program.

By 2002, history and political science had entered the donors’ scope of interest, building on the more general interest in institutional development of the 1990s. This new concern with social and political issues in a historical perspective was reflected in both Sida’s power analysis and DFID’s drivers of change approaches. A number of positive policy impacts resulted from this analytical shift. It allowed donors to present more realistic programs, formalizing work on processes that had previously been known but not openly considered, such as corruption. It has given donors deeper knowledge for addressing new areas, such as state building and taxation. It has also brought the potential for better understanding among donors and has helped to clarify mixed messages previously sent to governments.

Representing a wide network of partners, the OECD-DAC Governance Network has brought forward the discussion on donor harmonization and the potential for collective work on social and political analysis. As Ann Freckleton (DFID) pointed out on the previous day, one of the primary challenges for collective work is to leave one’s comfort zone and cooperate with various partners. Another challenge lies in the tension between transparency and country ownership. Certainly, the more partner governments that own the process, the more difficult it will be to uncover and share sensitive social and political data. In addition, the fact that such states are the primary users of the analysis prevents donors from looking into the global and regional drivers of bad governance. In the long run, a shift in focus from client governments to citizens must occur to facilitate an open discussion of all pertinent social problems.

**Questions and Answers** on country social analysis raised in more detail the issue of selecting CSA priorities and key country informants. The involvement of donor country offices has been crucial in terms of selecting focal issues for analysis, as in the case of the West Bank and Gaza. The country unit was also central to defining the analytical scope of integrated analyses as in Angola, where the CSA was initiated as an input to a country economic memorandum. The expected audience—be it the World Bank’s country team, other donors, or an external party—determines to a large extent the analytical

focus of the study. Yet, one of the main purposes of the CSA is to review the broader social and political context; therefore, it aims to examine overarching social issues in addition to specific problems, identified by country teams or local stakeholders.

All presenters agreed that social analyses must be timed appropriately to domestic policymaking cycles and/or linked to key policy documents of the donor institutions. This implies that the analyses should also be tailored to issues that are already part of the policy-making process. A comment from the audience pointed out that this may have a restrictive influence on the analytical scope of the studies, urging them to address issues already raised by governments or donor agendas and not reached through local consultations. It was suggested that stand-alone CSAs will have the advantage in this regard, as they can determine their scope more freely. Participants also inquired whether CSAs aim to have any direct impact on economic growth, or whether they are focused on a completely separate domain of social policies.

Another area of concern was donors' influence on the politics they analyze: does their role as observers during the process of analysis affect the political and social relations under observation? In Angola's CSA, when the World Bank became a powerful stakeholder, its staff had to be even more careful about the way they depicted sensitive issues (such as Angola's oil revenues). Donor-government trust must be built during and, as much as possible, prior to the analysis in order to avoid negative perceptions by the local partner. This is also necessary for preventing the reverse danger—governments using CSA findings to further their own national agendas.

On the issue of the relationship between development and humanitarian activities, Gaulme elaborated that country social analysis will be useful for any conflict-related action and for coordinating development and peacekeeping efforts. He also responded positively to the suggestion from the audience for using creative media for disseminating the findings of social analysis. He brought as an example a case where this has been done by Agence Française de Développement—a documentary on the Ghana-Niger migration.

### **KEY MESSAGES: *Country Social Analysis***

#### **Lessons Learned and Recommendations**

- Maintain a simple but flexible analytical framework.
- Engage local government and civil society both in selecting the key analytical issues and in the process of analysis and its follow-up.
- Choose adequate timing of the analysis.
- Include an analysis of the informal sector and of the everyday “unspoken” problems.
- As a long-term goal, aim to create local knowledge networks that will give countries the capacity to analyze and monitor the improvement of selected issues over time.

#### **Challenges**

- Making the analysis operational, i.e., linking it to key policy documents or local policy processes.
- Determining the adequate timing, format, and monitoring system of the study.
- Addressing the time and resource constraints that prevent donors from long-term engagement in the process of reforms and from gaining deeper knowledge of the social and political factors in play.
- Building better partnerships with government counterparts, given the sensitive issues analyzed.
- Strengthening donor collaboration in all stages of analysis.

### 3. From Understanding to Influencing: Country Cases of Social Analysis

Two parallel sessions in the afternoon of Thursday, May 18, 2006, presented country cases of macro social analysis. One focused on social and political exclusion and on the institutional constraints to equity and social mobility in the cases of Nepal, Yemen, and Zambia. The other examined the process and impact of social analysis in fragile or conflict-ridden states through the cases of Haiti and Somalia. Each speaker gave an overview of the social and political context in the country and the motives for undertaking the analysis. They highlighted the key findings, policy recommendations, and lessons learned from the cases, as well as the main challenges in their process and implementation.

#### ***A. Inequality Traps, Social Mobility, and Institutional Constraints***

This session focused on the social, cultural, and political roots of exclusion, unequal opportunity, and barriers to mobility, as identified through country social analyses of Nepal and Yemen, and development experience in Zambia. In all three cases, elite capture and exclusion on the basis of class/caste have shaped an environment that perpetuates poverty among marginalized groups. The purpose of the session was to bring forward 1) the lessons learned from conducting macro social environment in such contexts; 2) the policy recommendations they identified for reforming such systems; 3) specific impacts CSAs have had on donor and national policy; and 4) main challenges for the analysis and policy reform.

##### *Nepal*

**Lynn Bennett** (World Bank) reviewed the rationale for and research framework of the gender and social exclusion assessment (GSEA) in Nepal—a joint World Bank/DFID project—and highlighted the lessons learned and challenges encountered in integrating the findings of the analysis into the policy dialogue with Nepal’s government.

The political environment in Nepal has been characterized by high uncertainty as the country struggles to sustain its fledgling democracy, while royal and Maoist insurgents continue to demand greater shares of power. This unstable environment has increased donor dependency and, therefore, the power of donors, while at the same time, has made local ownership of development programs more difficult. The first task of the GSEA was to frame the formal and informal rules of the game and the institutional context in Nepal. As a result, it identified three interlocking social institutions—caste, ethnic identity, and gender—each with a major influence on the distribution of assets and opportunities. Another goal of the GSEA was to determine the mechanisms through which these rules of the game trigger social exclusion, since up to that point no previous analysis had researched the relationship between exclusion and the caste system. The team also worked on establishing the link between social exclusion and poverty, using existing local data sources including the national census and household surveys, as well as some primary data collection. Poverty levels appeared to be almost twice as high in disadvantaged groups, and there was a 15-percent higher per-capita consumption among the upper echelon castes, unexplained by other factors but caste adherences.

The study aims to influence donors to consider the impact of exclusion and poverty on their programs in Nepal. It introduced a fourth “social inclusion” pillar in the World Bank’s Poverty Reduction Strategy Paper (PRSP) for Nepal and provided inputs to the sector-wide approaches in health and education, as well as to the country assistance strategies of the World Bank, DFID, and the Asian Development Bank in Nepal. A World Bank poverty monitoring and analysis system was set up to monitor the PRSP implementation, including its impacts on social inclusion. DFID used the GSEA framework to develop a livelihood and social inclusion (LSI) monitoring system to track the impact of each DFID project on the improvement of access to assets and the increase in voice and participation of disadvantaged groups.

As a major lesson learned, Bennett pointed out that effective policy research must be conducted simultaneously with both operational work and state dialogues over an extended period of time. In this way, donors become more aware of the sources of resistance to implementing their policy recommendations, and these obstacles then are more likely to be discussed and dealt with. Building alliances and overcoming elite resistance are the main challenges to this work. Interaction with NGOs can be very helpful in the partnership-building process. A flexible attitude toward policy actions—being a “ninja”<sup>5</sup> rather than a “planner”—is also imperative in pushing forward new donor priorities. Since the inclusion agenda implies a cultural shift, donors must be tactful and understand the social dynamics of the country in depth before trying to influence them.

### *Yemen*

**Mesky Brhane** (World Bank) presented the experience of the Yemen country social analysis. The fact that poverty in Yemen was increasing, even as the government was following World Bank recommendations, was a primary motivation for this analysis. Its objective was to examine new variables—trends of inequality in Yemeni society, the social factors that underlie them, the evolution of institutions and their impact on poverty and inequality—and, based on them, to inform the World Bank’s new five-year development plan for poverty reduction in Yemen (PRSP 2006). After its completion, the CSA also provided inputs to Yemen’s country assistance strategy (2006–2009), development policy review, agriculture and fisheries project designs, and DFID’s country assistance plan. Proposals for new analytical work also arose as a result of the CSA, building on its findings, e.g., the World Bank/GTZ water poverty and social impact analysis (PSIA), a rural land economic sector work (ESW), a World Bank/DFID justice for the poor analysis, and a DFID social exclusion study.

The Yemen CSA drew on three main sources: existing development and academic research, interviews with key policymakers (mostly government officials and traditional authority figures), and a public expenditure analysis of the ways in which government services target poverty (by governorate and urban-rural dimensions).

The unification of North and South Yemen, and the subsequent move of the South to a market democracy, was followed by an increased role of the state, characterized by a greater provision of public services and a move toward formalizing informal political and economic processes. Tribal leaders were appointed to high government posts and/or certified to serve as interlocutors between the people and the state. While this new state role had some positive implications for social development, it brought some negative impacts as well. It undermined traditional social and political systems of checks and balances and, in many cases, weakened the accountability of tribal leaders to their people. The enhanced role of the state also failed to eliminate some traditional disputes. The *shaykhs*, who are the largest consumers of water, for example, were charged with water dispute resolution. As they are affected personally by water management decisions, their incentives to solve disputes fairly are distorted. Similarly, land restitution in the South resulted in concentrating land in the hands of a few powerful actors, while land endowment for the poor was very limited. Local power conflicts were also exacerbated by the increased competition of ruling families in the state political arena.

As a result, the CSA recommended a focus on preserving as much as possible the traditional systems of authority and accountability; and implementing appropriate decentralization processes that build on local traditions and provide opportunity for more equity and voice.

Some of the major challenges encountered in the CSA process included the overly broad scope of the CSA, which made it difficult to translate into specific sector recommendations, and the disruptive role of elites, which proved problematic to open discussions of the core findings of the study. In addition, the CSA team found that the government of Yemen was overloaded by the multitude of analyses and

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<sup>5</sup> Ninja here is used to mean one skilled in the art of going unperceived.

recommendations from various donors, and therefore was unable to address the concerns of each study with any depth.

### *Zambia*

Lastly, **Jan Waltmans** (The Netherlands Ministry of Foreign Affairs) reflected on the role of socio-cultural and political factors, and especially on the role of elites, in promoting or hindering reforms in the case of Zambia. Since interpersonal relationships and loyalty are central to Zambia's political culture, it is important for donors to understand these relations, to be aware of the existence of hidden agendas, and to be able to speak the appropriate language to elicit willingness and involvement of the government in reform projects. Since elites are mostly satisfied with the status quo, they are likely to view any proposed structural changes as destabilizing.

Waltmans noted that in this context the Netherlands government and its cooperating partners can hardly behave as donors or investors without being concerned with the local social and cultural framework, through which their actions impact development. This implies the need for socio-cultural analyses, in which local experts are key informants.

A major lesson from operating in such a political environment is that donors should focus on increasing the government's commitment, and not merely ownership of the development process (through various incentives). Furthermore, Waltmans emphasized that the quality and scope of impact of development programs matters more than the quantity or technical advancement of the assistance. In Zambia, as in other developing states, the government structure is easily overwhelmed by multiple projects or recommendations. Thus, a priority for development policy should be making sure the government is committed to the development agenda and is willing to implement it in a transparent manner.

In the **Question and Answer session** following this panel, participants commented on the importance of being in the field and involving more country nationals in the analytic process. In Yemen's case, this was difficult to achieve initially, as there was no social development staff on the ground, which in turn gave the World Bank an opportunity to address the issue internally. In the long run, donors should try to build communities of practice in-country with social development staff, local scholars, and others who are willing to engage. Yet, there are advantages to having external observers on analysis teams as well, since they are more likely to notice and bring forward sensitive social and political issues.

Others pointed out that even when there is local expertise, it may not be used systematically, and therefore the question arose about what the best practices are for introducing the analysis findings into the policy dialogue. Panelists suggested that sometimes it is enough for the country office to take a clear position against a certain course of action (not necessarily in direct talks with the government) and other country agencies will pick it up. Thus, the donor's position can be made clear and partnerships can be made without confrontation with policymakers. Still, there is no universal best practice of approaching the policy dialogue.

Finally, the issue of selecting focus issues for country social analysis was raised again. The panelists reflected that selecting the scope and language of the analysis is more an art than science, and that it is important to set the conceptual framework in a way that would resonate well with the targeted audience. The Nepal team found that "inclusion" resonated better than "gender," therefore it was often useful to highlight the social inclusion component over the gender one in policy recommendations or talks with government.

**KEY MESSAGES: *Inequality Traps, Social Mobility, and Institutional Constraints—  
The Cases of Nepal, Yemen, and Zambia***

**Lessons Learned and Recommendations**

- Promote broad exclusion policies as opposed to narrow programs targeting marginalized groups.
- Draw on traditional structures of authority and accountability, yet aim to transform cultural bias against certain groups (e.g., caste prejudice in Nepal).
- Conduct the research simultaneously with operations and state policy dialogue over a longer period of time.
- Incorporate the perspective of marginalized groups through interviews, consultations with relevant NGOs, civil society, or community groups.

**Challenges**

- Addressing elite resistance to reform.
- Harmonizing donor approaches better to facilitate the policy dialogue with governments that are overwhelmed by a multitude of documents and recommendations.

***B. Conflict and Politics in Fragile States***

This parallel session highlighted specific challenges and recommendations for conducting social and political analysis and influencing social reform in weak or failed states. Both Somalia and Haiti are characterized by low or non-existing state involvement in delivering public services, high level of risk (social risk as well as risk of violent conflict), and strongly personalized political systems. The presentations began by reviewing the analytical focus and methodology of the cases, after which they distilled the main challenges and recommendations both for policy reform and for future analysis in fragile political environments.

*Haiti*

Social resilience and state fragility were the focus of Haiti's country social analysis. **Dorte Verner** (World Bank) presented the objectives and multiple findings of this study and outlined the CSA's main policy recommendations and the challenges to their achievement.

The report supported the World Bank's country assistance strategy and other donors' policy dialogues with Haiti by assessing the three main components of Haiti's conflict-poverty trap: 1) demographic and socioeconomic factors at the individual and household level; 2) the state's institutional capacity to provide public goods and manage social risks; and 3) the agendas and strategies of political actors.

Most of the demographic and socio-economic factors in Haiti indicate high potential for violent conflict, including both the demographics of a larger younger population and their high level of unemployment. About 83 percent of the working population is self-employed or employed in the informal sector. Prospects for the future are also grim, given the lack of a wide public education system. Access to non-labor income is very high: Haiti is the world's top receiver of remittances because about 30 percent of its population receives them. Haiti is also among the world's most densely populated countries with rapid urbanization.

Overall, the government's involvement in providing public services in Haiti is minimal. Economic indicators reflect pervasive development neglect not only from the government but also from external

donors and investors, who have been quick to withdraw assistance in the face of high risks and conflict. On the other hand, Haiti shows high social resilience as people have learned to cope despite the state. The majority of the population lives in peace and human security has been improving over time.

The state's institutional capacity to provide public goods has been limited by its financial constraints: a weak domestic revenue base, combined with unstable external flows. Public expenditures have not been well prioritized, leaving public education, health, and infrastructure greatly under-financed and well below the average for low-income countries. Instead, most basic services, such as health, education, and transport, are provided by non-state actors. The weakness and corruption of the police and judiciary contribute to the malfunctioning of the state.

The politicization of state structures is one of the main reasons for their poor performance. In 1986, the ouster of Jean-Claude Duvalier provided a window of opportunity for establishing more democratic governance. Consequently, the Constitution of 1987 made a clear separation of the executive, judicial, and legislative powers and introduced a decentralized governance system. Yet, the highly polarized political environment and class forces, which have historically supported an elitist system in Haiti, prevented the country from achieving development-conducive political stability. Haitian politics continues to swing between the danger of elite capture and that of populism.

Due to the multifaceted crisis in Haiti—socio-economic, demographic, and political—it has been a challenge to focus the country social analysis on only a few major points and to elicit concrete policy recommendations. The overarching conclusion of the CSA team is that Haiti needs good leadership before it can benefit from any external development assistance. The main policy focus should be on restoring key state functions, e.g., the provision of public services. Other policy recommendations, both for donors and for the government of Haiti, include institutional capacity-building and, in the long term, fundamental institutional reform. Donors also need to stay engaged long-term in the country to ensure the success of their projects. So far, this has not been the case with foreign development agencies frequently pulling out aid. Finally, national planning and international assistance should build on the existing international cooperation framework in order to better prioritize the distribution of resources, monitor progress effectively, as well as share accountability for the results.

### *Somalia*

The conflict analysis of Somalia accompanied a renewed World Bank assistance campaign after a 12-year period of disengagement in the country. Its purpose was to inform the design of intervention and enable effective program implementation in a way which does not contribute to conflict escalation, but ideally, to act to prevent or de-escalate conflict.

**Per Wam** (World Bank) elaborated on the process and sources of analysis; its main findings in terms of clan identity, state, and governance and economic development; and its conclusions regarding conflict monitoring and its application to development projects.

The study was made possible largely due to extensive cooperation with other donors (UNDP, Sida, DFID), local organizations from the country's three main regions (Somaliland, Puntland, and South-Central Somalia), academics, and other country experts. The analysis combined a desk study based on the conflict analysis framework with variables adapted to the Somali context, and qualitative fieldwork in each of the three main regions of Somalia. It resulted in three regional reports and one synthesis report, containing an assessment of the conflict environment as well as implications for policy development.

The analysis and its policy recommendations focused on three broad areas: clan identities, state and governance, and economic development. Even though clan identities have almost never been a cause of

conflict, conflict tends to occur along clan lines. An understanding of clan identities and how they have been manipulated by elites to serve political purposes provides valuable insights into the drivers of conflict. If used well, clans can also be constructive forces in moderating conflict. Thus, the study has recommended that donors 1) help support cross-clan activities and institutions; 2) be conscious of the effects of material and financial aid on clan dynamics, making sure it does not fuel clan competition or further division; and 3) consider clan leaders as potential proponents or destabilizing actors for development.

The second area of analysis focused on state and governance. Struggles for control of the state, i.e., for political power and economic resources, have been a primary drive of conflict and also a source of mistrust among Somalis of all state institutions. The study recommended that donors be prepared for political struggles to accompany any state-building effort. It also advised that they learn from and build on non-state institutions, which have been active and efficient during the times of state failure. Finally, it emphasized that donors should promote inclusive and clan-neutral institutions.

In terms of economic policy, conflict-sensitive actions suggested by the study include avoiding the creation of aid dependency, looking for ways to build non-partisan government control of revenue sources, and mobilizing Somalia's human resources, possibly through local communities. Small economic projects are preferable to large ones to avoid deepening clan divisions. Other priorities should be developing a fair system for natural resource management and diversifying the economy. Currently, remittances and the production and trade of *qat* (tobacco-like narcotic substance) are the major sources of income for Somalis.

In conclusion, Wam stressed that conflict-sensitive development should be accompanied by rigorous monitoring in order that the effect of projects on conflict escalation or de-escalation can be assessed over time.

During the **Question and Answer session**, participants inquired about the degree of cooperation with other agencies and locals, and whether and to what extent have the findings been shared with local government and civil society organizations. The Haiti study had drawn upon a number of background papers produced by other organizations. For instance, the World Bank worked with UNDP and local NGOs to produce materials on Haiti's social capital. This has been instrumental for the CSA as social networks are the basis of social resilience. The Somalia team had also relied strongly on cooperation with UNDP, UN peacekeeping forces, and other donors.

Given the positive role of non-state actors and institutions in building resiliency and providing services where states have failed, some participants questioned the rationale of giving aid to the state and suggested that some aid should instead be directed to the active non-state structures. Wam indicated that there had already been a strong movement for recognizing informal forces in Somalia, including some that have called for independence of Somaliland. A downside to focusing on regional or non-state actors is that it will counter the overall objective of bridging clan differences. It would also make the state more susceptible to external political and ideological influence (from other states, religious organizations, etc.) that ultimately diminishes loyalty to the state and willingness to participate in its development. In Haiti, the CSA favored services provided by the central government over the existing system of non-state providers, in order to ensure minimum quality standards, as well as the inclusion of those who currently cannot access non-state services due to financial constraints, geographic remoteness, etc.

**KEY MESSAGES: *Conflict and Politics in Fragile States—The Cases of Haiti and Somalia***

**Lessons Learned and Recommendations**

- Cooperate with other donors—UN agencies, peacekeeping forces, as well as local and international NGOs in the country.
- Engage long-term in the country, consistently updating the analysis and its recommendations and monitoring policy reform, based on its recommendations.
- Advise donor projects of ways to build upon existing informal institutions and social capital rather than attempt to build new ones from scratch.
- Inform donor programs of ways to distribute development benefits that will not further divide or cause resentment among different clans, ethnicities, classes, or regions. Instead, look for ways in which development assistance can help to bridge that divide.

**Challenges**

- Gaining access to all of the analyzed territories and safety concerns.
- Building trust in new institutions and leaders after a long history of non-reliance on the state.
- Providing development in a neutral manner, without further alienating conflict groups.
- Avoiding creating aid dependency.

**4. Group Discussion: Drawing Policy Recommendations**

The small-group discussion and plenary session on Thursday, May 18, primarily addressed three questions:

1. What can we do to make macro social and political analysis more policy relevant?
2. How can we improve the CSA approach in particular to make it more operational?
3. Which are the main areas of policy recommendations that macro social and political analysis should address and what are their implications for government programs?



The discussion reiterated many of the lessons learned from the country cases and earlier presentations of the day. Most groups stressed that the selection of analytical issues, engagement of and consultation with key country stakeholders, and adequate timing are the main prerequisites for making macro social analysis relevant to the policy dialogue. On the selection of analytical issues, some suggested choosing problems that are already on the national agenda in order for recommendations to be easily turned into policy. This, however, will prevent donors raising new and sensitive issues. Another way of defining a “relevant” scope of analysis is whether or not it incorporates grassroots

perspectives. The analysis should incorporate issues generated by disadvantaged groups, as well as by governments, and ideally, the analysis will facilitate a dialogue between the two.

In terms of timing, social analysis teams should try to use political windows of opportunity—periods of transition, post-elections, etc.—as a means of building partnerships with new leaders and influencing

policy at its conception. Within the donor institution, analysis should be completed prior to or simultaneously with strategic documents to be used as an input in programming.

How do these recommendations apply specifically to the country social analysis framework? CSAs must be instrumental in helping practitioners understand informal processes and institutions, knowledge of which is missing in other official sources. They must also focus on explaining power relations and incorporating the perspectives of poor and marginalized groups in development programs. While sharing a common analytical framework, CSAs need to be flexible to reflect the specific country context. Finally, the CSA method should serve as a step forward to the coordination of donors' methodologies and processes of conducting social and political analysis. Such harmonization will focus the attention of local officials on the key policy messages and will lessen their burden of considering multiple analyses and recommendations.

In areas of policy recommendations where social analysis can have an impact, the discussion identified barriers to inclusion, fairness in budget allocation, conflict sensitivity, transparency, accountability, citizenship, and voice, access to information, political representation, mobility, and access to resources and income-generating activities. Groups also pointed out that it is important to distinguish between recommendations for governments and recommendations for donors, but ideally, the analysis should contribute to both constituencies.

## **5. Summary: Key Messages of the Day**

At the beginning of the day, Secretary General Jose Miguel Insulza outlined the central reasons for the need of macro social analysis by stressing that economic growth is no longer a sufficient indicator for development, and that social policy must be a priority on the policy agenda. Political stability, consensus, clear rules of the game, and functioning institutions are at the root of successful development policy. Donors must be aware of social and political factors that drive these four factors, hence the need for in-depth social and political analysis.

Regarding the content and process of analysis, a number of key recommendations emerged from the discussions. There was consensus among participants that country ownership—not only by official authorities but by other local groups as well—is paramount to the success of the analysis. For this purpose, teams should try to use local knowledge, involve stakeholders, and include the voice of disadvantaged groups as much as possible. Local ownership is important, not only for the adequateness of the content of analysis, but also for facilitating its translation into policy. Yet, donors should be careful not to allow the analysis to be entirely influenced by local actors or manipulated by the elite. Donor country offices can serve as a balancing agent in this regard and would ideally be involved in all stages of the process.

The target audience and core analytical issues for each macro social analysis should be made clear from the outset of preparation, and as a precondition to its overall operational relevance. Adequate timing is also crucial for its policy impact. As highlighted on the previous day, studies have been most effective when completed prior or parallel to strategic policy documents and feeding information into them. Using political windows of opportunity in-country is also desirable for building local partnerships and raising new issues on the policy agenda.

Finally, donors should aim at harmonizing their approaches to macro social analysis and/or at producing collaborative projects. In each of the country cases presented earlier in the day, the countries had limited capacity to absorb multiple policy recommendations and work with multiple agencies.

## IV. IMPLICATIONS FOR FUTURE WORK

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### 1. Refining Policy Recommendations: Views from Management

The objective of the last conference panel on Friday, May 19, 2006, was to better understand an internal donor's perspective on the need for macro social and political analysis and its key issues, as well as on organizational opportunities and constraints to improve the quality and impact of macro social analysis. To this end, managers from different World Bank departments—Caroline Anstey (Latin America and Caribbean Region), Louise Fox (Africa Region), and McDonald Benjamin (Social Development)—elaborated on what they consider to be the most effective processes for influencing social and political reform. Chair **Caroline Kende-Robb** (World Bank, Social Development) reiterated three points raised by Secretary General Jose Miguel Insulza (OAS) on the previous day: that donors need a better understanding of the factors that lead to political stability, the mechanisms that promote consensus among groups, and the capacity of existing institutions to deliver the benefits of democracy to the people. She urged the panelists to highlight their recommendations for mainstreaming macro social analysis within the World Bank with these goals in mind.

**Caroline Anstey** gave the example of Haiti to illustrate the importance of understanding and coping with social and political problems. Despite being the world's oldest democracy and despite the large amounts of aid given to the country, a cycle of violence, exclusion, and social and political insecurity have prevented Haiti from escaping poverty. Elite capture of power and resources is one of the main causes of state failure, and donor organizations cannot ignore this phenomenon if seeking successful development results. Country social analysis is instrumental in this regard because it can explain the underlying social and cultural framework that sustains this patronage structure and suggest ways of reforming it.

In order to better operationalize the knowledge from country social analysis, donors have to look into ways of engaging different stakeholder groups, including civil society, and of building inter-group consensus. The analysis should explore key linkages in the country context, such as the link between security and development. Anstey noted that such analysis and attempts to influence social and political culture must be done with a certain degree of modesty. Short-term goals should be set first, before expecting wide-scale results. At the same time, harmonizing policy recommendations with other agencies and involving as many partners as possible (both within and outside of one's institution) is a worthy goal. Staying within a traditional comfort zone is not likely to change the status quo or to address in-country group divisions that have prohibited consensus in the first place.

**Louise Fox** reflected that one of the primary values of social analysis lies in clarifying the causal links between issues and policies. Understanding the social and political factors is not valuable in itself without an analysis of the ways in which they affect policies in the country. As “not all results are quantitative,” not all methods for reaching development results should be quantitative either. It is important, however, to understand and define the results that donors are pursuing before embarking on the analysis.

Drawing upon her experiences in the Africa region, Fox emphasized that most states are unable to handle multiple teams and reports; hence, she strongly recommended streamlining the process of analysis and its findings among the donor community, harmonizing frameworks with overlapping issues (e.g., social and gender issues), and/or integrating social analyses with other poverty-related studies. This way they can contribute directly to the poverty reduction strategy. Finally, she reiterated that country social analysis should be flexible, and provide a “menu” of social areas, where different ones can be highlighted depending on the country context.

In his presentation, **McDonald Benjamin** noted that the conceptual framework of social analysis should be built around institutions, livelihoods, and power relations. Based on this, macro social analysis should have two primary objectives:

1. Understanding the social, cultural, and institutional environment in the country being analyzed
2. Transferring this knowledge to policy makers and persuading relevant donor and national actors to consider the policy recommendations ensuing from the analysis.

In order to understand the social, cultural, and institutional environment, the analysis should use multi-sector teams and include experts in various disciplines: sociology, economics, political science, geography, demography, etc. It should analyze linkages rather than merely provide descriptive material. In particular, it is important to comprehend the roles, power, and incentives of key stakeholders and the ways in which they are able to promote or block policies. To achieve the second objective of transferring the knowledge gained from the macro social analysis, donor teams must be able to form successful political alliances and to effectively address the imminent “so what?” question from country directors and members of government.

Finally, since there is no neutral social analysis, he warned against crossing the line between understanding or trying to work with other social and cultural mentalities and imposing one’s own norms on them. Since there is no one universal way of reaching equity and sustainability, donors should try to identify solutions that are acceptable to the societies in which they operate.

In the **Questions and Answer session**, the question of internal incentives of improving the quality of analysis, and specifically, of acquiring more learning funds was raised. Panelists responded that the available learning funds are linked to specific strategy documents and priority issues. Workshops and brainstorming seminars are possible when directed to specific project issues as well. Apart from that, some pointed out that the most valuable learning occurs on the job, in the consultations and negotiations with country officials and colleagues; hence additional learning funds would be redundant.

Some World Bank staff commented that while it is effective to coordinate studies with other departments, the institution’s incentive system rewards self-managed work. They inquired how management can encourage integrated approaches. The panelists responded that much can be achieved without caring who takes the credit, and that under the current system, they have never seen sector boards criticize joint work. They suggested trying to mainstream social analysis by focusing on specific institutional concerns—for example, addressing social inequality in the frame of procurement.

Further questions asked what the Bank’s role can be in raising “unspoken” and “unspeakable” country issues, such as human rights abuses. When there is intention to create demand for change, progress can be achieved in these issues. Some has already been achieved in discussing child work abuse in the Caribbean. The important issue is how to build coalitions with other donors and relevant country agents on raising such concerns. When vested interests exist, there is always a risk of alienating key stakeholders.

**KEY MESSAGES: *Refining Policy Recommendations— Views from Management***

The panel highlighted the value of social and political analysis to development programs and provided recommendations for refining its process and policy impact. Macro social analysis adds value to donor operations by clarifying linkages between issues and policies (e.g., between development and security, development and culture, etc.), which are absent in economic analysis. Its ability to explain patronage structures and suggest ways of reforming them is crucial for donor operations. In addition, social and political analysis promotes better cooperation with local counterparts by demonstrating donors' awareness of the social and cultural factors in the country, and their willingness to cooperate locally in gaining and applying this knowledge.

To enhance the impact of analysis, teams should be multi-sectoral, include experts from various disciplines (sociology, political science, economics, etc.), and strive to engage diverse local stakeholder groups. Harmonization of the analytical approach and dissemination of findings with other donors is highly recommended, as most governments are overwhelmed with the multitude of reports and teams operating in the country. Finally, donors should be cautious not to impose their norms and understanding of social and political culture as the only path to development.

**2. Group Work: Moving Ahead—From Analysis to Policy Dialogue**

The group discussion on Friday, May 19, 2006, asked participants to brainstorm the top three actions they would recommend to making macro social analysis more effective for development and donor coordination. The three recommendations that most participants suggested were to 1) make the objectives and targeted audience of the analysis clear upfront; 2) aim to build coalitions both in the process of analysis and as an outcome of it; and 3) integrate the analytical work into country planning processes and instruments.

The analysis must first be driven by specific problems on the ground. While the process itself is crucial and unexpected findings may alter its focus over time, it is important that it is result-driven and has a narrow scope of expected outcomes from the outset. The intended analytical process should be made explicit in the concept note. The targeted audience groups must also be clarified early on.

Macro social analysis is also a means of bringing together the donor community, country stakeholders, and disadvantaged groups, and as such should reflect the views of a diverse group of stakeholders and suggest strategies for building coalitions with relevant parties in order to effectively influence policy. A consultative approach is necessary not only for incorporating diverse perspectives in the study, but also for building long-term partnerships. Another reason for cooperation is to level the differences in language and rhetoric that different donors and governments use to describe similar issues. One of the primary purposes of the analysis is to build a common agenda and serve as a starting point for future action; therefore, its role in forming partnerships is of key importance.

The analysis should also be able to provide quick and timely inputs into domestic and donor policy processes. A major report with all findings is not enough and may come too late to influence relevant programs and decisions. The final output may be presented in multiple forms and requires nimble and creative media for dissemination—visual as well as written.

### 3. Wrap Up: Main Messages

**Andrew Norton** (World Bank) wrapped up the discussion and summarized the main messages from the conference and the agreed-upon steps for follow up. Moving ahead with the agenda on macro social analysis should occur in two dimensions: thinking both about its product and its process.

The material at the conference covered a very broad range of analytical work. Some of the methodologies under review were concerned only with the formal political system. Others were concerned with looking at the broader social structures and processes, and the impact on political change of informal rules and norms, as well as formal political institutions.

Regarding the analytical product, macro-social studies can provide an important complement to economic analysis by outlining the impact of power relations on structures of inequality. In this regard, the analysis should provide insight into the factors that underlie asset accumulation, livelihood opportunities, risk factors for poor and marginalized groups, and the institutions which help them to manage these risks.

Since poverty reduction is fundamentally a political matter, donors also need to understand the power relations in play within the country in order to understand how best to promote positive change for poor people. The keynote speech by OAS Secretary-General Insulza highlighted the importance for sustainable development of achieving a durable political settlement between factions in competition for power, leading to a level of political stability which enables the country to develop economically and socially, implement reforms, and attract investment. A key result of macro social and political analysis can be to create an understanding of the factors that promote or undermine political stability and consensus. This may include measures to promote inclusion of poor people in the political process, to provide arenas for democratic deliberation and conflict resolution, and to strengthen the social contract. To this end, the analysis should identify appropriate social and political actors and their interests, behavior, and potential for partnership in the reform process.

In addition, macro social analysis should examine the factors that affect the capacity of existing institutions to deliver the services, agreed upon by various stakeholder groups, and to do so in a transparent and accountable manner.

The experiences, outlined by participants, had also illustrated the importance of getting the basics right in the process of designing the analysis - in particular, the importance of clarifying the objectives, audience(s), and dissemination strategies early on. While the scope of analysis may change over time, it is important to have a clear sense of the primary issues that will be examined, rather than begin with too broad an analytical framework. When there is clarity about which sectors or areas the analysis aims to be relevant for, and whom it must be relevant to, teams will be more successful in looking for the adequate data and partners for conducting the study.

Engaging country offices of the donor agencies in all levels of analysis is crucial; including senior management (in this regard the DFID experience of asking the country director to lead the study provides an interesting model). In terms of the engagement of in-country stakeholders – both within and outside government – two distinct models can be identified. In one the process is treated as an analytical exercise largely to benefit the policy formulation of the donor agency. Local, experts, civil society organizations, community groups, and other stakeholders are drawn into the process only to the extent that they can provide knowledge, perspectives or analytical capacity, which the commissioning agency perceives as contributing to this objective. In the second model the analysis is designed to engage a range of stakeholders in a process of deliberation designed to generate collective action for policy change. The GSEA in Nepal, which has generated a framework for addressing social exclusion

and gender equity within the country's poverty reductions strategy, corresponds well to this model. While both models are fully justifiable in different contexts, the experience presented at the conference has suggested that the use of macro social analysis exercises as an aid to inclusive, deliberative policy processes at the country level provides the most scope for future development in this field.

The timing and format of analysis are two more significant elements of the process. Using political windows of opportunity in the country being analyzed can help build stronger political partnerships, facilitate consensus-building, and give more opportunities for open discussion of sensitive topics. Most practitioners recommended conducting policy dialogues simultaneously with the analysis so that it feeds more naturally into the policy-making process. In terms of format, integrating studies of macro social analysis into strategic donor documents was highly recommended—again, in order to feed better into donor program design.

In disseminating findings, face-to-face conversations with policymakers tend to be more productive than written reports. It is also crucial that the policy recommendations of the study affect government programs on a broader level rather than result in narrow and short-term funding or programs that target a specific problem or marginalized group. In this respect, donors should also plan for long-term engagement and monitoring of the impact reforms have on equity and inclusion. Sharing the analysis findings with local governments in a sensitive manner is a desirable step during dissemination.

Overall, teams need to be aware that the process of conducting the analysis is as important as its results, since it is in the process that donors have the chance to form key partnerships, identify main issues in the country, and draw lessons for approaching the policy dialogue. This said, donors must also be realistic in their expectations of the impact of analysis and keep in mind that fundamental and sustainable reforms do not occur overnight. Producing a more realistic sense of the likely timescales in which results can be achieved can, in fact, be one of the significant benefits for international development agencies of improving their understanding of the conditions for political change. It can be much more difficult to assemble and maintain coalitions for reforms which will benefit poor people than external actors (frequently impatient to achieve ambitious developmental goals to which they are committed) want to recognize. Another important element of the lessons presented in the conference is the need for staff of donor agencies to understand the influence that the international donor community itself has on political change within countries. Sensitivity to the fact that development agencies are themselves political actors is important to promoting effective analysis, dialogue and action.

The conference found consensus that cooperative analytical work and moving toward shared accountability among the donor community will improve the process and outcomes of social and political analysis. There was widespread agreement that the current proliferation of products and approaches to social analysis impedes a country's capacity to absorb the key policy recommendations emerging from the social analysis.

It was agreed that donors should follow-up on the conference message and continue to move forward toward enhanced cooperation on macro social analysis, as well as on creating common standards and analytical frameworks by:

- disseminating the conference proceedings;
- participating in the follow-up to the OECD-DAC Governance Network;
- engaging in more joint social and political analyses;
- continuing to work together to address some of the major challenges in conducting effective macro-social analysis (e.g. addressing the transnational dimensions of political change, using macro-social analysis to promote inclusive processes of policy deliberation within partner countries, generating consistency of approach).

**Caroline Kende-Robb** (World Bank) offered her appreciation to all of the participants and organizers, and closed the final session.